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TAGS: [FAIR](#) [EINV](#) [PREL](#) [PGOV](#) [JA](#)
SUBJECT: MLIT DG SUZUKI DEFENDS NEED FOR FDI LIMITS FOR
"CRITICAL" JAPAN AIRPORTS

REF: TOKYO 572

SENSITIVE BUT UNCLASSIFIED. NOT FOR INTERNET.

1. (SBU) During an April 11 meeting, Transport Ministry Director General Hisayasu Suzuki told EMIN Japan must continue to look for a legislative means to protect four critical airports, i.e., Tokyo's two main hubs and Chubu and Kansai International Airports. Suzuki's name appeared frequently in the press earlier this year as an actor pushing for new Japanese legislation to limit foreign investment in Japan's airports (ref). Suzuki dismissed Asia Gateway, noting only that it was a former Prime Minister Abe initiative. He told EMIN that Japan has been engaged in civil aviation talks with South Korea, China, Thailand and Hong Kong, but congested airspace has prevented Japanese airlines from moving forward into Beijing and Shanghai as Japan's industry and government would like.

2. (SBU) Suzuki said private sector Australian efforts to purchase 20 percent of the Japan Airport Terminal Co., which runs terminal buildings and parking lots at Haneda Airport, provoked MLIT's legislative proposal. The GOJ continues to look to double total foreign investment in the country by 2010. However that policy did not mean there needed to be foreign investment in all Japan's airports, Suzuki continued. Suzuki asked what the USG would do if a Chinese, Russian or Arab investor tried to purchase significant stock in JFK or other New York airports or O'Hare. EMIN pointed to positive U.S. experiences with foreign investment and noted ways the U.S. has developed to deal with national security questions that can arise from individual investment cases (i.e., CFIUS).

3. (SBU) Suzuki also raised U.S. rules limiting foreign ownership of U.S. carriers. Japanese airlines cannot have more than one-third foreign ownership, he continued. Suzuki reasoned that limiting foreign ownership of the shares in airports in Japan to one third simply brings them to the same level as that allowed for Japanese airlines. EMIN noted the history of U.S. civil aviation negotiations with the EU showed the Administration's thinking and willingness to work on this front and again recounted the benefits of a more open investment regime.

¶4. (SBU) Comment: Each GOJ ministry defends clients' interests when it comes to discussing foreign investment, and MLIT is unabashedly looking at old-line Japanese domestic interests. Therefore, unlike the Financial Services Agency, which seeks to promote Tokyo as a global financial center, or JETRO, with the specific mandate to increase FDI, MLIT rarely considers the international impact of its decisions.

¶5. (SBU) Although Deputy Director General (and lead negotiator on civil aviation matters with the U.S.) Ryuhei Maeda participated in the meeting, he did not make any substantive statements. Other than agreeing on the need for positive talks, Suzuki did not engage or offer any comment on the upcoming bilateral negotiations with the U.S. End Comment.
SCHIEFFER